

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D C 20554

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JUL 15 1995

FILED

In the Matter of)
)
Local Exchange Carriers' Rates.)
Terms, and Conditions for)
Expanded Interconnection Through)
Virtual Collocation for Special Access)
and Switched Transport)

CC Docket No. 94-97
Phase I

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REPLY TO OPPOSITIONS

The Commission should grant Bell Atlantic's¹ reconsideration petition² and revise the permissible overhead loadings that underlie the interim virtual collocation rate prescription. As Bell Atlantic demonstrated in its Petition, use of overhead loadings that do not include interoffice facility ("IOF") channel mileage is inconsistent with the standard for "comparable" services that the Commission had established in this proceeding.³ In

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

² Petition for Partial Reconsideration (filed July 5, 1995) ("Petition").

³ IOF channel mileage is needed where the carrier's point of presence is served by a different central office than the end user's premises.

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addition, the opponents of Bell Atlantic's Petition⁴ are factually wrong when they claim that most collocation installations do not involve channel mileage. A majority of collocators' cross-connections involve IOF mileage, in order that collocators can reach customers served by central offices other than those in which they are collocated.

The Commission has determined that use of overhead loadings derived from comparable services "provides a yardstick to evaluate the overhead loadings assigned to virtual collocation services."⁵ The only issue in dispute is the proper definition of "comparable services" for calculating the loadings. Bell Atlantic showed in the Petition that the Commission had arrived at a definition of "comparable services," but it failed to follow that definition in setting Bell Atlantic's overhead loadings for virtual collocation services.⁶

In defining comparable services for the purpose of calculating overheads, the Commission found that "comparable point-to-point services are services that face actual or potential competition from interconnectors seeking to compete in the interstate access service market"⁷ and that the comparable services need not be identical to the virtual collocation services.⁸ Applying this standard, the Commission determined that "point-to-

⁴ *See* MCI Opposition (filed July 31, 1995) ("MCI"), Opposition of MFS Communications Company, Inc. to Bell Atlantic's Petition for Partial Reconsideration (filed July 31, 1995) ("MFS"), and Opposition to Bell Atlantic's Petition for Reconsideration by the Association for Local Telecommunications Services (filed July 17, 1995) ("ALTS").

⁵ *Report and Order*, 10 FCC Rcd 6375, ¶ 39 (1995) ("R&O").

⁶ Petition at 2-3.

⁷ R&O at ¶ 40.

⁸ *Id.*

point DS1 and DS3 services are comparable to virtual collocation services,”⁹ because these services compete directly with those offered by collocators. Moreover, as Bell Atlantic demonstrated in the Petition, the Commission had determined that point-to-point DS1 and DS3 services with and without channel mileage are “within the scope of comparable services” for determining overhead loadings in the collocation tariff.¹⁰

Despite this unequivocal history, the opponents claim that it was proper for the Commission to determine overheads using only services without channel mileage, because “it is extremely rare for a collocator to hand off its customers’ traffic at any point other than the serving wire center to which it intends to connect.”¹¹ Therefore, they claim, their competing services do not use IOF mileage. Even if this were factually true -- which, as shown below, it is not -- this argument is irrelevant. Customers choosing an access service vendor are concerned about price and service quality, not whether the particular service uses IOF channel mileage. Services that use channel mileage are operationally identical to those that do not require mileage. The quality of service is the same, and customers use the services for the same purposes in the same manner. Accordingly, the use of IOF channel mileage is unrelated to whether or not the services compete with each other. Based on the Commission’s own standard, the services are “comparable,” and the overhead loadings underlying Bell Atlantic’s collocation tariff should be calculated using a

⁹ *Id.* at ¶ 41.

¹⁰ Petition at 2, citing R&O at ¶ 39.

¹¹ MCI at 3. *See, also* MFS at 2-3, ALTS at 2

weighted average of point-to-point services that use IOF channel mileage and those that do not.

However, even if the opponents' argument were relevant, which it is not, it is based upon an entirely erroneous premise. Despite the opponents' claims to the contrary, examination of Bell Atlantic's records show that a majority of the collocators' point-to-point circuits use IOF channel mileage.¹² The apparent reason they use mileage is that collocators find it economically efficient to locate their equipment in only the one or two central offices in a city that serve their largest customers. When other customers want service from the collocator, or if the initial customers ask that carrier to serve multiple locations, the collocator subscribes to IOF channel mileage to reach the distant central office serving the customer's location. As a result, use of channel mileage is the rule, not the exception, for collocators' existing installations

All of the opponents base their oppositions on the premise that collocators do not use IOF channel mileage. That premise is false, and their arguments therefore fail.

¹² *See* the attached Declaration of Angela D. Fox

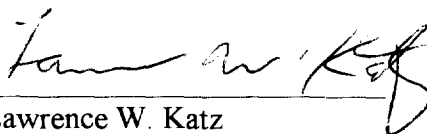
Accordingly the Commission should grant Bell Atlantic's Petition for Partial Reconsideration and recalculate the overhead loadings underlying the virtual collocation rates.

Respectfully Submitted,

**The Bell Atlantic Telephone
Companies**

By their Attorney

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August 15, 1995

DECLARATION OF ANGELA D. FOX

I, Angela D. Fox, hereby declare as follows:

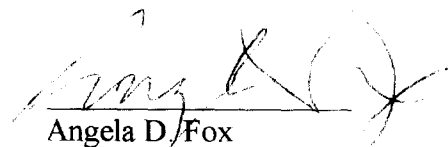
1. I am employed by Bell Atlantic Network Services, Inc. as Product Manager - Collocation, Carrier Services. I am responsible for receiving and coordinating requests for collocation in Bell Atlantic's central offices. As a result, I have personal knowledge of all collocation requests and the service architectures and equipment used in each installation. In addition, I have access to Bell Atlantic's records that include the collocators' service requests, the installations that are in progress, and those that have been completed and activated.

2. Most of the collocation installations currently in operation include use of interoffice channel mileage. Collocators typically seek collocation in a limited number of central offices in a given city. The collocators choose those offices based upon the proximity to their largest customers. If other customers that are not served by the same central office request service from the collocator, or if the initial customers seek to extend service to other locations in the city, the collocators must either establish additional collocation installations or subscribe to interoffice channel mileage to reach those distant locations. Until the volume of traffic from a given central office reaches a level that warrants the expense of a new installation, collocators subscribe to interoffice channel mileage. At present collocators have requested channel mileage for a majority of their circuits.

3. I have examined Bell Atlantic's billing database, which contains the records of collocators' active installations. This examination confirms that a majority of the collocators' circuits in service include interoffice channel mileage. Accordingly, the electronic records confirm the facts stated in paragraph 2 above.

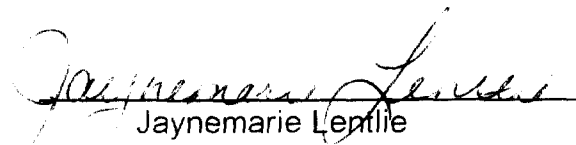
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

Executed on August 10, 1995


Angela D. Fox

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply to Oppositions" was served this 15th day of August, 1995 by first class mail, postage prepaid, on the parties on the attached list


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